

TOWN OF SEEKONK, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2013

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R. E. BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
25 CEMETERY STREET – P.O. BOX 230
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

INDEPENDENT AUDITORS REPORT

To the Honorable Board of Selectmen
Town of Seekonk, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Seekonk's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress and employer contributions and other postemployment benefits – schedules of funding progress and employer contributions on pages 3-9, 54 and 55 – 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the Town of Seekonk, Massachusetts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our audit testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Seekonk, Massachusetts's internal control over financial reporting and compliance.

R.E. Brown & Company

June 20, 2014

TOWN OF SEEKONK, MASSACHUSETTS

Management's Discussion and Analysis

As management of the Town of Seekonk (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of one government compared to others.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$36.022 million (*net position*).
- The unrestricted net position of the Town's business-type activities are \$397 thousand and may be used to meet the ongoing obligations of the Town's Curbside Trash Collection and Recycling business-type activities.
- The government's total net assets decreased by \$15.7 million or 21 % in fiscal 2013 as a result of lump sum grant payment and debt refunding. Within this total, net assets of governmental activities decreased by \$15.7 million, a 21% decrease from fiscal 2012. Net assets of business-type activities decreased by \$12.9 thousand or 2.4% from fiscal 2012.
- At June 30, 2013, the Town's governmental funds had combined ending fund balances of \$12.244 million. The combined governmental funds balances increased by \$798 thousand or 7% from the prior year's ending fund balance. A total of \$5.442 million is considered unassigned at June 30, 2013.
- The Town's general fund reported a total fund balance of \$7.851 million at the end of fiscal 2013. The unassigned fund balance for the general fund was \$5.583 million or 12% of total general fund expenditures and transfers to other funds. There was a \$682 thousand increase in the total general fund balance for the year.
- The total cost of all Town services for fiscal 2013 was \$52.336 million; \$51.238 million of which was for governmental activities, and \$1.098 million of which was for business-type activities.
- The Town's total bonded debt decreased by \$13.963 million or 58% during the year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Basic Financial Statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, conservation, employee benefits, debt service, and state/county assessments. The business-type activities include sanitation services.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Seekonk adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance within this budget.

Proprietary funds: *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has one enterprise fund:

- *Trash (Sanitation) Enterprise Fund* – accounts for the trash collection and disposal activities of the Town.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of the funds are not available to support the Town’s own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

- Private purpose trust funds, postemployment benefits trust fund, and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “Private Purpose Trust Funds”, “Postemployment Benefits Trust”, and “Agency Funds”, respectively. The Postemployment Benefits Trust fund was established to hold the assets that will fund the long term liability associated with town retirees’ health benefits.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

The chart on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceeded liabilities by \$36,022,188 at the close of fiscal year 2013. The Town is able to report total positive balances in net position, for both government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town’s total net position are its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets is \$31,761,916 or 88% of net position. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

A modest amount of the Town’s net position totaling \$6,765,596 or 19%, are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals (\$2,505,324).

The Town decreased its total liabilities by \$13.619 million over fiscal year 2012, while total assets decreased by \$15,753,875 or 21%. Total assets of the governmental activities decreased by \$15.740 a 21% decrease from fiscal 2012. Total assets of the business-type activities decreased by \$12,914 or 2% from fiscal 2012.

	Governmental Activities		Business-type Activities		Primary Government	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Assets:						
Current assets	\$ 16,463,818	\$ 16,834,740	\$ 425,263	\$ 417,727	\$ 16,889,081	\$ 17,252,467
Noncurrent assets (excluding capital)	355,645	14,130,719	-	-	355,645	14,130,719
Capital assets	41,929,836	43,524,911	112,475	132,925	42,042,311	43,657,836
Total assets	58,749,299	74,490,370	537,738	550,652	59,287,037	75,041,022
Liabilities:						
Current liabilities (excluding debt)	2,670,203	3,097,517	27,508	21,145	2,697,711	3,118,662
Noncurrent liabilities (excluding debt)	9,795,906	9,166,720	-	-	9,795,906	9,166,720
Current debt	1,282,753	2,094,095	-	-	1,282,753	2,094,095
Noncurrent debt	9,488,479	22,504,454	-	-	9,488,479	22,504,454
Total liabilities	23,237,341	36,862,786	27,508	21,145	23,264,849	36,883,931
Net Position:						
Net investment in capital assets	31,649,441	19,281,439	112,475	132,925	31,761,916	19,414,364
Restricted	6,765,596	6,080,295	-	-	6,765,596	6,080,295
Unrestricted	(2,903,079)	12,265,740	397,755	396,582	(2,505,324)	12,662,322
Total net position	\$ 35,511,958	\$ 37,627,474	\$ 510,230	\$ 529,507	\$ 36,022,188	\$ 38,156,981
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,240,272	\$ 2,405,080	\$ 1,173,019	\$ 1,213,916	\$ 3,413,291	\$ 3,618,996
Operating grants and contributions	9,532,220	11,011,024	-	-	9,532,220	11,011,024
Capital grants and contributions	581,460	585,893	-	-	581,460	585,893
<i>General Revenues:</i>						
Real Estate and personal property taxes	31,740,006	30,855,125	-	-	31,740,006	30,855,125
Tax Liens	216,817	313,094	-	-	216,817	313,094
Motor vehicle and other excise taxes	1,989,326	1,799,215	-	-	1,989,326	1,799,215
Hotel/Motel Tax	998,546	971,988	-	-	998,546	971,988
Penalties and Interest on Taxes	151,938	140,996	-	-	151,938	140,996
Nonrestricted grants and contributions	1,499,688	1,488,960	-	-	1,499,688	1,488,960
Unrestricted investment income	12,944	59,537	-	-	12,944	59,537
Gain on sale of fixed assets	-	92,556.00	-	-	-	92,556.00
Other revenues	56,966	29,750	-	-	56,966	29,750
Total Revenues	49,020,183	49,753,218	1,173,019	1,213,916	50,193,202	50,967,134
Expenses:						
General Government	2,506,671	2,170,837	-	-	2,506,671	2,170,837
Public Safety	6,655,035	6,288,620	-	-	6,655,035	6,288,620
Education	25,328,588	23,444,647	-	-	25,328,588	23,444,647
Public Works	1,536,620	1,336,682	-	-	1,536,620	1,336,682
Human Services	683,511	621,070	-	-	683,511	621,070
Conservation	82,768	65,300	-	-	82,768	65,300
Culture and Recreation	1,004,358	942,728	-	-	1,004,358	942,728
Employee Benefits	12,460,329	13,754,802	-	-	12,460,329	13,754,802
State and County Assessments	370,572	327,302	-	-	370,572	327,302
Interest	609,593	969,659	-	-	609,593	969,659
Sanitation	-	-	1,098,600	1,031,459	1,098,600	1,031,459
Total Expenses	51,238,045	49,921,647	1,098,600	1,031,459	52,336,645	50,953,106
Increase (decrease) in Net Position before Contributions to Permanent Endowments and Transfers	(2,217,862)	(168,429)	74,419	182,457	(2,143,443)	14,028
Contributions to permanent endowments	8,650	11,050	-	-	8,650	11,050
Transfers	93,696	94,154	(93,696)	(94,154)	-	-
Change in Net Position	(2,115,516)	(63,225)	(19,277)	88,303	(2,134,793)	25,078
Net Position - beginning	37,627,474	37,690,699	529,507	441,204	38,156,981	38,131,903
Net Position - ending	\$ 35,511,958	\$ 37,627,474	\$ 510,230	\$ 529,507	\$ 36,022,188	\$ 38,156,981

Financial Analysis of Governmental Funds:

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At June 30, 2013, unassigned fund balance of the general fund was \$5,583,195 while the total fund balance was \$7,851,033. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11% of total general fund expenditures, while total fund balance represents 16% of the same amount.

General fund revenues increased by \$1,420,805, and the fund balance of the general fund increased by \$682,363. This result is the product of management's conservative planning and budgeting and the use of unassigned fund balance to maintain the Town's services.

The stabilization funds have accumulated fund balances of \$2,676,028, which represents 5% of general fund expenditures.

General Fund Budget Highlights

There was an increase of \$132,000 between the original and final budget of the Town approved at Town Meeting. The Town budgeted \$42.531 million in revenues and \$43.994 million in expenses, drawing on fund balance (\$956,848) to finance the difference.

Capital Asset and Debt Administration

Capital Assets – In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year.

The Town's investment in capital assets (net of depreciation) for governmental and business-type activities as of June 30, 2013, amounts to \$42,042,311. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Land	\$ 4,691,754	\$ 4,691,754	\$ -	\$ -	\$ 4,691,754	\$ 4,691,754
Buildings	30,041,521	31,621,179	-	-	30,041,521	31,621,179
Capital Improvements (other than buildings)	1,419,396	1,560,607	-	-	1,419,396	1,560,607
Machinery and Equipment	846,788	1,051,510	81,675	96,525	928,463	1,148,035
Vehicles	1,348,507	1,192,625	30,800	36,400	1,379,307	1,229,025
Infrastructure	3,572,320	3,407,236	-	-	3,572,320	3,407,236
Construction in Progress	9,550	-	-	-	9,550.00	-
Total Capital Assets	\$ 41,929,836	\$ 43,524,911	\$ 112,475	\$ 132,925	\$ 42,042,311	\$ 43,657,836

The governmental activities capital assets had additions of \$891,822 during the current fiscal year. Total depreciation was \$2,486,897 resulting in a net decrease to capital assets of \$1,595,075.

Long term debt – The Town’s debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 20, 2013, totaled \$10,280,395. Total debt consists of the following:

Outstanding Debt at Year End		
Governmental Activities	Outstanding June 30, 2013	Outstanding June 30, 2012
School Construction	\$ 4,568,000	\$ 18,056,000
MWPAT Septic loan	172,418	193,132
Police & Fire Facility	4,086,000	4,443,000
Landfill	1,453,977	1,551,340
Total Governmental Activities	\$ 10,280,395	\$ 24,243,472
Business-type Activities	Outstanding June 30, 2013	Outstanding June 30, 2012
Sanitation	\$ -	\$ -

Please refer to Notes **5** and **9** for further discussion of the major capital and debt activities.

Economic Factors and Next Year’s Budget and Rates

The following factors were considered in preparing the Town’s fiscal year 2014 budget:

- ***Pension Costs***
- ***Health Insurance***
- ***Regional Economics***
- ***State Aid Projections***

Request for Information

This financial report is designed to provide a general overview of the Town’s finances for all of those with an interest in the Town’s finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: Director of Finance, Town of Seekonk, 100 Peck Street, Seekonk, MA 02771.

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 8,940,835	\$ 340,118	\$ 9,280,953
INVESTMENTS	5,070,251	-	5,070,251
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	620,496	-	620,496
TAX LIENS	486,673	-	486,673
MOTOR VEHICLE EXCISE TAXES	173,897	-	173,897
USER FEES	7,758	85,145	92,903
DEPARTMENTAL AND OTHER	392,443	-	392,443
INTERGOVERNMENTAL	753,701	-	753,701
SPECIAL ASSESSMENTS	17,764	-	17,764
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	205,027	-	205,027
INTERGOVERNMENTAL	150,618	-	150,618
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	41,929,836	112,475	42,042,311
TOTAL ASSETS	58,749,299	537,738	59,287,037
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,208,808	27,508	2,236,316
OTHER LIABILITIES	14,385	-	14,385
ACCRUED INTEREST	71,095	-	71,095
LANDFILL POSTCLOSURE CARE COSTS	48,310	-	48,310
COMPENSATED ABSENCES	327,605	-	327,605
CAPITAL LEASES PAYABLE	181,256	-	181,256
BONDS AND NOTES PAYABLE	1,101,497	-	1,101,497
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	966,200	-	966,200
COMPENSATED ABSENCES	709,545	-	709,545
POSTEMPLOYMENT BENEFITS	8,120,161	-	8,120,161
CAPITAL LEASES PAYABLE	257,581	-	257,581
BONDS AND NOTES PAYABLE	9,230,898	-	9,230,898
TOTAL LIABILITIES	23,237,341	27,508	23,264,849
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	31,649,441	112,475	31,761,916
RESTRICTED FOR:			
STREETS	356,622	-	356,622
PERMANENT FUNDS:			
EXPENDABLE	17,699	-	17,699
NONEXPENDABLE	270,803	-	270,803
OTHER PURPOSES	6,120,472	-	6,120,472
UNRESTRICTED	(2,903,079)	397,755	(2,505,324)
TOTAL NET POSITION	\$ 35,511,958	\$ 510,230	\$ 36,022,188

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2013**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,506,671	\$ 155,272	\$ 53,861	\$ -	\$ (2,297,538)
PUBLIC SAFETY	6,655,035	1,241,513	134,235	-	(5,279,287)
EDUCATION	25,328,588	506,345	4,548,122	-	(20,274,121)
PUBLIC WORKS	1,536,620	41,000	6,787	581,460	(907,373)
HUMAN SERVICES	683,511	165,478	121,078	-	(396,955)
CONSERVATION	82,768	28,820	945	-	(53,003)
CULTURE & RECREATION	1,004,358	101,844	47,046	-	(855,468)
EMPLOYEE BENEFITS	12,460,329	-	4,620,146	-	(7,840,183)
STATE & COUNTY ASSESSMENTS	370,572	-	-	-	(370,572)
INTEREST	609,593	-	-	-	(609,593)
TOTAL GOVERNMENTAL ACTIVITIES	51,238,045	2,240,272	9,532,220	581,460	(38,884,093)
BUSINESS-TYPE ACTIVITIES:					
NON-MAJOR	1,098,600	1,173,019	-	-	74,419
TOTAL PRIMARY GOVERNMENT	\$ 52,336,645	\$ 3,413,291	\$ 9,532,220	\$ 581,460	\$ (38,809,674)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2013**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	<u>\$ (38,884,093)</u>	<u>\$ 74,419</u>	<u>\$ (38,809,674)</u>
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	31,740,006	-	31,740,006
TAX LIENS	216,817	-	216,817
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,989,326	-	1,989,326
HOTEL/MOTEL TAX	998,546	-	998,546
PENALTIES AND INTEREST ON TAXES	151,938	-	151,938
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,499,688	-	1,499,688
UNRESTRICTED INVESTMENT INCOME	12,944	-	12,944
MISCELLANEOUS	56,966	-	56,966
CONTRIBUTIONS TO PERMANENT FUNDS	8,650	-	8,650
TRANSFERS, NET	<u>93,696</u>	<u>(93,696)</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS	<u>36,768,577</u>	<u>(93,696)</u>	<u>36,674,881</u>
CHANGE IN NET POSITION	(2,115,516)	(19,277)	(2,134,793)
NET POSITION:			
BEGINNING OF YEAR	<u>37,627,474</u>	<u>529,507</u>	<u>38,156,981</u>
END OF YEAR	<u>\$ 35,511,958</u>	<u>\$ 510,230</u>	<u>\$ 36,022,188</u>

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013**

<u>ASSETS</u>	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 6,821,613	\$ 2,119,222	\$ 8,940,835
INVESTMENTS	2,954,566	2,115,685	5,070,251
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	620,496	-	620,496
TAX LIENS	486,673	-	486,673
MOTOR VEHICLE EXCISE TAXES	173,897	-	173,897
USER FEES	7,758	-	7,758
DEPARTMENTAL AND OTHER	10,389	382,054	392,443
INTERGOVERNMENTAL	301,236	603,083	904,319
SPECIAL ASSESSMENTS	-	222,791	222,791
TOTAL ASSETS	\$ 11,376,628	\$ 5,442,835	\$ 16,819,463
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 2,172,644	\$ 36,164	\$ 2,208,808
OTHER LIABILITIES	14,385	-	14,385
DEFERRED REVENUES	1,338,566	961,467	2,300,033
NOTES PAYABLE	-	52,000	52,000
TOTAL LIABILITIES	3,525,595	1,049,631	4,575,226
FUND BALANCES:			
NONSPENDABLE	-	270,803	270,803
RESTRICTED	-	4,263,176	4,263,176
COMMITTED	121,273	-	121,273
ASSIGNED	2,146,565	-	2,146,565
UNASSIGNED	5,583,195	(140,775)	5,442,420
TOTAL FUND BALANCES	7,851,033	4,393,204	12,244,237
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,376,628	\$ 5,442,835	\$ 16,819,463

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2013**

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES:</u>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 32,011,255	\$ -	\$ 32,011,255
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,911,432	-	1,911,432
INTERGOVERNMENTAL	11,849,728	1,825,063	13,674,791
HOTEL/MOTEL OCCUPANCY TAX	998,546	-	998,546
PENALTIES & INTEREST ON TAXES	151,938	-	151,938
CHARGES FOR SERVICES	-	1,407,855	1,407,855
INVESTMENT INCOME	16,241	(5,038)	11,203
CONTRIBUTIONS & DONATIONS	-	52,335	52,335
DEPARTMENTAL AND OTHER	1,038,091	586,632	1,624,723
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	47,977,231	3,866,847	51,844,078
<u>EXPENDITURES:</u>			
CURRENT:			
GENERAL GOVERNMENT	2,326,702	143,155	2,469,857
PUBLIC SAFETY	6,189,793	312,841	6,502,634
EDUCATION	21,484,380	2,339,938	23,824,318
PUBLIC WORKS	1,421,463	529,461	1,950,924
HUMAN SERVICES	578,300	103,838	682,138
CONSERVATION	42,932	39,836	82,768
CULTURE & RECREATION	882,239	63,988	946,227
EMPLOYEE BENEFITS	11,864,989	-	11,864,989
STATE & COUNTY ASSESSMENTS	370,572	-	370,572
DEBT SERVICE			
PRINCIPAL	1,878,077	-	1,878,077
INTEREST	934,286	-	934,286
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	47,973,733	3,533,057	51,506,790
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>			
	<hr/>	<hr/>	<hr/>
	3,498	333,790	337,288
<u>OTHER FINANCING SOURCES (USES)</u>			
PROCEEDS FROM CAPITAL LEASES	367,080	-	367,080
PROCEEDS FROM REFUNDING BONDS AND STATE GRANT	15,725,413	-	15,725,413
PREMIUM FROM ISSUANCE OF REFUNDING BONDS	65,937	-	65,937
PAYMENTS TO REFUNDED BOND ESCROW AGENT	(15,791,350)	-	(15,791,350)
OPERATING TRANSFERS IN	507,785	196,000	703,785
OPERATING TRANSFERS OUT	(196,000)	(414,089)	(610,089)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	678,865	(218,089)	460,776
<u>NET CHANGE IN FUND BALANCES</u>			
	<hr/>	<hr/>	<hr/>
	682,363	115,701	798,064
<u>FUND BALANCES AT BEGINNING OF YEAR</u>			
	<hr/>	<hr/>	<hr/>
	7,168,670	4,277,503	11,446,173
<u>FUND BALANCES AT END OF YEAR</u>			
	<hr/>	<hr/>	<hr/>
	\$ 7,851,033	\$ 4,393,204	\$ 12,244,237

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 12,244,237
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		41,929,836
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		2,300,033
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(71,095)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(10,280,395)	
CAPITAL LEASES PAYABLE	(438,837)	
COMPENSATED ABSENCES	(1,037,150)	
POSTEMPLOYMENT BENEFITS	(8,120,161)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(1,014,510)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(20,891,053)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 35,511,958</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 798,064**

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.

CAPITAL OUTLAY	891,822	
DEPRECIATION EXPENSE	<u>(2,486,897)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(1,595,075)

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE (14,900,245)

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

PROCEEDS FROM CAPITAL LEASES	(367,080)	
PROCEEDS FROM REFUNDING BONDS	(15,725,413)	
PREMIUM FROM ISSUANCE OF REFUNDING BONDS	(65,937)	
PAYMENTS TO REFUNDED BOND ESCROW AGENT	15,791,350	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>13,963,077</u>	
NET EFFECT OF REPORTING LONG-TERM DEBT		13,595,997

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	88,265	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(683,605)	
NET CHANGE IN CAPITAL LEASES	283,320	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	(26,930)	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>324,693</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(14,257)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (2,115,516)**

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	BUDGETARY AMOUNTS	OVER(UNDER)
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES,				
NET OF TAX REFUNDS	\$ 31,895,340	\$ 31,895,340	\$ 32,011,255	\$ 115,915
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,700,000	1,700,000	1,911,432	211,432
PENALTIES & INTEREST ON TAXES	130,000	130,000	151,938	21,938
INTERGOVERNMENTAL	7,180,235	7,180,235	7,210,700	30,465
HOTEL/MOTEL OCCUPANCY TAX	815,000	815,000	998,546	183,546
INVESTMENT INCOME	20,000	20,000	19,763	(237)
DEPARTMENTAL AND OTHER	790,615	790,615	1,038,091	247,476
TOTAL REVENUES	42,531,190	42,531,190	43,341,725	810,535
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	2,666,253	2,707,933	2,354,616	353,317
PUBLIC SAFETY	6,257,600	6,157,170	5,910,286	246,884
EDUCATION	21,408,279	21,535,279	21,535,377	(98)
PUBLIC WORKS	1,180,798	1,239,549	1,117,578	121,971
HUMAN SERVICES	539,641	565,757	548,575	17,182
CONSERVATION	43,708	43,708	42,932	776
CULTURE & RECREATION	912,739	917,739	889,314	28,425
EMPLOYEE BENEFITS	7,672,426	7,646,310	7,244,753	401,557
STATE & COUNTY ASSESSMENTS	364,432	364,432	370,572	(6,140)
DEBT SERVICE:				
PRINCIPAL	1,878,077	1,878,077	1,878,077	-
INTEREST	938,495	938,494	915,494	23,000
TOTAL EXPENDITURES	43,862,448	43,994,448	42,807,574	1,186,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,331,258)	(1,463,258)	534,151	1,997,409
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	506,410	506,410	507,785	1,375
OPERATING TRANSFERS OUT	-	-	(196,000)	(196,000)
TOTAL OTHER FINANCING SOURCES (USES)	506,410	506,410	311,785	(194,625)
NET CHANGE IN FUND BALANCE	(824,848)	(956,848)	845,936	1,802,784
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	3,940,591	3,940,591	3,940,591	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 3,115,743	\$ 2,983,743	\$ 4,786,527	\$ 1,802,784

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2013**

	BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND
<u>ASSETS</u>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 340,118
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	<u>85,145</u>
TOTAL CURRENT ASSETS	<u>425,263</u>
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>112,475</u>
TOTAL ASSETS	<u>537,738</u>
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	<u>27,508</u>
<u>NET POSITION</u>	
NET INVESTMENT IN CAPITAL ASSETS	112,475
UNRESTRICTED	<u>397,755</u>
TOTAL NET POSITION	<u><u>\$ 510,230</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2013**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,173,019
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	1,078,150
DEPRECIATION	20,450
TOTAL OPERATING EXPENSES	1,098,600
OPERATING INCOME (LOSS)	74,419
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(93,696)
CHANGE IN NET POSITION	(19,277)
NET POSITION AT BEGINNING OF YEAR	529,507
NET POSITION AT END OF YEAR	\$ 510,230

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2013**

	BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,172,539
PAYMENTS TO SUPPLIERS	(963,248)
PAYMENTS TO EMPLOYEES	(108,538)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>100,753</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN (OUT)	<u>(93,696)</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	7,057
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>333,061</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u><u>\$ 340,118</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	<u>\$ 74,419</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	20,450
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(479)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	6,363
TOTAL ADJUSTMENTS	<u>26,334</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 100,753</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 62,720	\$ 226,762
INVESTMENTS	10,098	-	-
DEPARTMENTAL AND OTHER	-	-	64,124
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	10,098	62,720	290,886
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	18,504
OTHER LIABILITIES	-	-	272,382
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	-	-	290,886
	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>			
TOTAL NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS, AND OTHER PURPOSES	<hr/> <hr/> \$ 10,098	<hr/> <hr/> \$ 62,720	<hr/> <hr/> \$ -

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2013**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
INVESTMENT INCOME	\$ (38)	\$ (259)
NET POSITION AT BEGINNING OF YEAR	<u>10,136</u>	<u>62,979</u>
NET POSITION AT END OF YEAR	<u>\$ 10,098</u>	<u>\$ 62,720</u>

See accompanying notes to the basic financial statements

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Seekonk, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

Joint Venture

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint venture:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Tri-County Regional Vocational-Technical School	To provide vocational education services for grades 9-12	147 Pond Street Franklin, MA 02038	\$ 787,401

The Tri-County Regional Vocational Technical School District (the District) is governed by a fourteen (14) member school committee consisting of one (1) elected representative from each participating municipality. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, capital leases, landfill post closure care costs, and other postemployment benefits (OPEB) which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following nonmajor proprietary fund is reported:

- The *Sanitation Enterprise fund* is used to account for the operations of the trash collection activities.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Fiduciary Fund Financial Statements

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Postemployment Benefits Trust fund* is used to account for assets held to fund future postemployment benefits of current and retired employees.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Lining of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Departmental and Other

Departmental and other receivables consist primarily of ambulance receivables which are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Governmental activities special assessments consist primarily of Title V receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectable and therefore do not report an allowance for uncollectibles.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other grant requirements are met.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the sanitation enterprise fund are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, and infrastructure (roadways and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Asset Class	Estimated Useful Life (in years)
Buildings and Improvements	10-40
Capital Improvements (other than buildings)	10-20
Machinery and Equipment	5-15
Vehicles	5-15
Infrastructure	40

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

I. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

J. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

K. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are classified into three components:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
 - *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2013.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

N. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the governmental activities column of the government-wide statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2013 is recorded in the governmental fund financial statements.

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Q. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not comparable to the consolidated financial information.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. The carryover articles and encumbrances were not included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2013 approved budget authorized \$43,862,448 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$132,000 were approved at one Special Town Meeting for fiscal year 2013.

The Finance Director has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2013, is presented below:

Net change in fund balance - budgetary basis	\$ 845,936
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	4,620,236
Increase in expenditures for on-behalf payments - MTRS	(4,620,236)
Increase in revenue for the MWPAT subsidy	18,792
Increase in expenditures for the MWPAT subsidy	(18,792)
Adjustment for encumbrances and continuing appropriations	874,034
Adjustment for expenditures from prior year authorizations	(831,465)
Net stabilization fund activity	<u>(206,142)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 682,363</u></u>

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds and the capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and proceeds of long-term debt during fiscal year 2014.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Deposits

▪ *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a formal deposit policy for custodial credit risk. The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the Depositor's Insurance Fund (DIF). The Town also carries deposits that are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name.

The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name as of June 30, 2013:

Total bank balances		<u><u>\$ 9,600,577</u></u>
Bank balances covered by deposit insurance		
Depositor's Insurance Fund (DIF)	4,186,728	
Federal Deposit Insurance Corporation (FDIC)	<u>1,350,000</u>	
Total bank balances covered by deposit insurance		5,536,728
Balances subject to custodial credit risk		
Bank balances collateralized with securities held by the pledging financial institution's trust department or agent not in the Town's name	1,372,133	
Bank balances uninsured & uncollateralized	<u>2,691,716</u>	
Total bank balances subject to custodial credit risk		<u><u>4,063,849</u></u>
Total bank balances		<u><u>\$ 9,600,577</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

a) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs). Presented below is the actual rating as of year-end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End			
			A1	Aaa	Baa1	Unrated
U.S. Government & Agency Securities	\$ 513,315	N/A	\$ -	\$ 513,315	\$ -	\$ -
Corporate Bonds	559,705	N/A	178,132	-	381,572	-
Certificate of Deposit	2,433,621	N/A	-	-	-	2,433,621
Money Market Mutual Funds	366,383	N/A	-	-	-	366,383
Bond Mutual Funds	974,965	N/A	-	-	-	974,965
Common Stock	232,360	N/A	-	-	-	232,360
Total Investments	<u>\$ 5,080,349</u>		<u>\$ 178,132</u>	<u>\$ 513,315</u>	<u>\$ 381,572</u>	<u>\$ 4,007,329</u>

b) Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has no custodial credit risk exposure related to the U.S. Government and Agency Securities, corporate bonds, or the common stock because the related securities are registered in the name of the Town. The bond mutual fund and money market mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The certificates of deposit are not exposed to custodial credit risk as they are fully insured by the FDIC.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

The Town does not have an investment policy for custodial credit risk.

c) Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<i>Debt Related Securities:</i>			
U.S. Government & Agency	\$ 513,315	\$ -	\$ 513,315
Corporate Bonds	559,705	-	559,705
Bond Mutual Funds	974,965	974,965	-
Total - Debt related securities	\$ 2,047,985	\$ 974,965	\$ 1,073,020
<i>Other Investments:</i>			
Certificate of Deposit	2,433,621	452,981	1,980,640
Money Market Mutual Funds	366,383	366,383	-
Common Stock	232,360	232,360	-
Total Other Investments	3,032,364	1,051,724	1,980,640
Total Investments	\$ 5,080,349	\$ 2,026,689	\$ 3,053,660

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

d) Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

Issuer	Percentage of Total Investments
United States Treas	8.09%
Fidelity Money Market	7.21%
Federated Gov't Ultra - Mutual Fund	9.86%

NOTE 4 – RECEIVABLES

The receivables at June 30, 2013 for the Town's individual major, nonmajor governmental funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 599,050	\$ -	\$ 599,050
Personal property taxes	123,846	(102,400)	21,446
Real Estate and personal property taxes	722,896	(102,400)	620,496
Tax liens	486,673	-	486,673
Motor vehicle and other excise taxes	253,848	(79,951)	173,897
Departmental and other	1,264,896	(808,329)	456,567
Intergovernmental	904,319	-	904,319
Special Assessments	222,791	-	222,791
User Fees	7,758	-	7,758
Total	\$ 3,863,181	\$ (990,680)	\$ 2,872,501

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

The sanitation enterprise fund receivables as of June 30, 2013, consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	\$ 85,145	\$ -	\$ 85,145

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis			
Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 358,613	\$ -	\$ 358,613
Tax Liens	486,673	-	486,673
Motor vehicle excise taxes	173,897	-	173,897
Departmental and other	10,389	382,054	392,443
User fees	7,758	-	7,758
Special Assessments	-	222,791	222,791
Intergovernmental	301,236	356,622	657,858
Total	\$ 1,338,566	\$ 961,467	\$ 2,300,033

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,691,754	\$ -	\$ -	\$ 4,691,754
Construction in progress	-	9,550	-	9,550
Total capital assets not being depreciated	4,691,754	9,550	-	4,701,304
<i>Capital assets being depreciated:</i>				
Buildings and improvements	55,409,492	-	-	55,409,492
Capital improvements (other than buildings)	2,896,049	-	-	2,896,049
Machinery and equipment	3,846,327	44,188	-	3,890,515
Vehicles	6,421,042	451,368	-	6,872,410
Infrastructure	19,450,901	386,716	-	19,837,617
Total capital assets being depreciated	88,023,811	882,272	-	88,906,083
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(23,788,312)	(1,579,658)	-	(25,367,970)
Capital improvements (other than buildings)	(1,335,443)	(141,211)	-	(1,476,654)
Machinery and equipment	(2,794,818)	(248,910)	-	(3,043,728)
Vehicles	(5,228,417)	(295,486)	-	(5,523,903)
Infrastructure	(16,043,664)	(221,632)	-	(16,265,296)
Total accumulated depreciation	(49,190,654)	(2,486,897)	-	(51,677,551)
Total capital assets being depreciated, net	38,833,157	(1,604,625)	-	37,228,532
Total governmental activities capital assets, net	\$ 43,524,911	\$ (1,595,075)	\$ -	\$ 41,929,836

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets being depreciated:</i>				
Machinery & Equipment	\$ 220,500	\$ -	\$ -	\$ 220,500
Vehicles	174,800	-	-	174,800
Total capital assets being depreciated	395,300	-	-	395,300
<i>Less accumulated depreciation for:</i>				
Machinery & Equipment	(123,975)	(14,850)	-	(138,825)
Vehicles	(138,400)	(5,600)	-	(144,000)
Total accumulated depreciation	(262,375)	(20,450)	-	(282,825)
Total capital assets being depreciated, net	132,925	(20,450)	-	112,475
Total business-type activities capital assets, net	<u>\$ 132,925</u>	<u>\$ (20,450)</u>	<u>\$ -</u>	<u>\$ 112,475</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 36,814
Public safety	486,159
Education	1,588,755
Public works	315,665
Human services	1,373
Culture and recreation	58,131
Total depreciation expense - governmental activities	<u>\$ 2,486,897</u>

Business-Type Activities:	
Sanitation	<u>\$ 20,450</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of an ambulance, six police vehicles, a dump truck, and a front end loader. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the various capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Vehicles	\$ 732,533
Less: Accumulated depreciation	<u>(120,034)</u>
	<u><u>\$ 612,499</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2013, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 194,131
2015	166,588
2016	72,073
2017	<u>29,815</u>
Total minimum lease payments	462,607
Less: amounts representing interest	<u>(23,770)</u>
Present value of minimum lease payments	<u><u>\$ 438,837</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:		
	General Fund	Non-major Governmental Funds	Total
Nonmajor Governmental Funds	\$ 412,714	\$ -	\$ 412,714 (1)
Nonmajor Governmental Funds	1,375	-	1,375 (3)
Sanitation Eenterprise Fund	93,696	-	93,696 (2)
General Fund	-	196,000	196,000 (3)
Total	<u>\$ 507,785</u>	<u>\$ 196,000</u>	<u>\$ 703,785</u>

- (1) Represents budgeted transfers to supplement the operating budget
(2) Represents budgeted transfer from the enterprise fund.
(3) Represents other transfers.

NOTE 8 – SHORT-TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute.

The following is a summary of changes in short-term debt for the year ended June 30, 2013:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2012	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2013
Governmental Funds							
BAN	Fire Station	0.60	6/25/2014	<u>\$ -</u>	<u>\$ 52,000</u>	<u>\$ -</u>	<u>\$ 52,000</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2013:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
MWPAT Sewer Loan	Var.	\$ 193,132	\$ -	\$ 20,714	\$ 172,418
Municipal Purpose	Var.	1,590,000	-	320,000	1,270,000
Landfill	2.00	1,350,340	-	67,363	1,282,977
School Construction	4.03	16,770,000	3,550,000	16,770,000	3,550,000
Police & Fire Facility	3.77	4,340,000	-	335,000	4,005,000
Total		<u>\$ 24,243,472</u>	<u>\$ 3,550,000</u>	<u>\$ 17,513,077</u>	<u>\$ 10,280,395</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 1,049,497	\$ 282,353	\$ 1,331,850
2015	1,036,024	237,722	1,273,746
2016	1,012,441	203,002	1,215,443
2017	983,886	174,166	1,158,052
2018	940,360	148,608	1,088,968
2019-2023	4,063,996	416,554	4,480,550
2024-2028	1,101,422	51,287	1,152,709
2029	92,769	928	93,697
Total	<u>\$ 10,280,395</u>	<u>\$ 1,514,620</u>	<u>\$ 11,795,015</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Loans Authorized and Unissued

As of June 30, 2013, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Fire Station	5/27/2009	\$ 775,000
Senior Center	6/11/2012	2,500,000
Fire Station	3/27/2013	687,491
Senior Center	6/10/2013	<u>386,600</u>
Total		<u>\$ 4,349,091</u>

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for 70% percent state school construction grants through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$1,388,880 from scheduled annual payments in FY 2013 from the MSBA for completed school construction projects.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 24,243,472	\$ 3,550,000	\$ (17,513,077)	\$ 10,280,395	\$ 1,049,497
Compensated absences	1,125,415	-	(88,265)	1,037,150	327,605
Landfill postclosure care costs	987,580	26,930	-	1,014,510	48,310
Capital leases payable	355,077	367,080	(283,320)	438,837	181,256
Other post-employment benefits	7,436,556	683,605	-	8,120,161	-
Total governmental activities long-term liabilities	<u>\$ 34,148,100</u>	<u>\$ 4,627,615</u>	<u>\$ (17,884,662)</u>	<u>\$ 20,891,053</u>	<u>\$ 1,606,668</u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

Advance and Current Year Refunding

On December 11, 2012, the Town issued general obligation refunding bonds in the amount of \$3,550,000 with an interest rate of 2.00% to current refund \$15,635,000 of general obligation bonds with an interest rates ranging from 3.75% to 4.375%. The refunded bonds mature on January 15, 2014 through 2023 and are callable on January 15, 2013. The general obligation refunding bonds were issued at a interest cost of 2.00% and, after receiving an MSBA grant of \$12,175,413, a bond premium of \$169,869 and paying issuance costs and an underwriter's discount of \$103,932, the net proceeds were \$15,791,350. The net proceeds from the issuance of the general obligation refunding bonds were used to retire all callable outstanding bonds on January 15, 2013. The refunding met the requirements of debt defeasance and the bonds were removed from the Town's financial statements. The net present value of future debt service savings was \$2,223,200.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances			
Nonspendable:			
Permanent Fund Principal	\$ -	\$ 270,803	\$ 270,803
Restricted For:			
General Government	-	134,557	134,557
Public Safety	-	1,057,403	1,057,403
Education	-	665,513	665,513
Public Works	-	69,037	69,037
Human Services	-	414,768	414,768
Culture & Recreation	-	180,275	180,275
Employee Benefits	-	861,843	861,843
Community Preservation Fund	-	862,081	862,081
Expendable Trust Fund	-	17,699	17,699
	<u>-</u>	<u>4,263,176</u>	<u>4,263,176</u>
Committed To:			
Continuing Appropriations			
Public Safety	106,417	-	106,417
Human Services	10,000	-	10,000
Culture & Recreation	4,856	-	4,856
	<u>121,273</u>	<u>-</u>	<u>121,273</u>
Assigned To:			
Encumbered For:			
General Government	57,742	-	57,742
Public Safety	28,120	-	28,120
Education	715,541	-	715,541
Public Works	46,278	-	46,278
Human Services	1,067	-	1,067
Culture & Recreation	10,430	-	10,430
Subsequent Years Expenditures	350,000	-	350,000
Municipal Capital Investment Stabilization Fund	856,913	-	856,913
Special Education Stabilization Fund	80,474	-	80,474
	<u>2,146,565</u>	<u>-</u>	<u>2,146,565</u>
Unassigned			
General Fund	3,844,554	-	3,844,554
General Stabilization Fund	1,738,641	-	1,738,641
Nonmajor Governmental Funds	-	(82,945)	(82,945)
Capital Projects			
Public Safety	-	(51,562)	(51,562)
Human Services	-	(6,268)	(6,268)
	<u>5,583,195</u>	<u>(140,775)</u>	<u>5,442,420</u>
Total Governmental Fund Balances	<u>\$ 7,851,033</u>	<u>\$ 4,393,204</u>	<u>\$ 12,244,237</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – STABILIZATION ARRANGEMENTS

The Town has established several funds where the Town has set aside amounts for a financial reserve emergency and capital needs. These funds consist of the following;

- The *Stabilization Fund* can be used for any purpose. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an unassigned fund balance in the general fund.
- The *Municipal Capital Fund* is a stabilization fund that is intended to be used for capital purchases. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an assigned fund balance in the general fund.
- The *Special Education Fund* is a stabilization fund that is intended to be used for special education expenses. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an assigned fund balance in the general fund.

NOTE 12 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to earthquake) to the extent that losses exceed \$1,000 per incident. Buildings are fully insured against earthquake damage, to the extent that losses exceed \$50,000 per incident.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2013.

The Town has two contributory health care options for its employees and retirees. The Town contributes 75% of the premium costs for active employees and 50% for retirees for both health care options.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

Plan Description. The Post Retirement Benefits Plan of the Town of Seekonk (The Plan) is a single-employer defined benefit healthcare plan administered by the Town of Seekonk. The Plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide ½ of the premium cost of retirees' health and life insurance costs.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2013, the estimated total Town premiums plus implicit costs for the retiree medical program are \$1,126,183.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan:

Annual required contribution	\$ 1,959,883
Interest on net OPEB obligation	297,905
Adjustment to annual required contribution (ARC)	<u>(448,000)</u>
Annual OPEB cost (expense)	1,809,788
Contributions made	<u>(1,126,183)</u>
Increase in net OPEB obligation	683,605
Net OPEB obligation - beginning of year	<u>7,436,556</u>
Net OPEB obligation - end of year	<u><u>\$ 8,120,161</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the four preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
6/30/2009	\$ 3,165,535	35.19%	\$ 2,051,464	\$2,051,464
6/30/2010	\$ 3,352,841	28.05%	\$ 2,412,216	\$4,463,680
6/30/2011	\$ 2,643,342	43.52%	\$ 1,492,894	\$5,956,574
6/30/2012	\$ 2,698,088	45.15%	\$ 1,479,982	\$7,436,556
6/30/2013	\$ 1,809,788	62.23%	\$ 683,605	\$8,120,161

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Funded Status and Funding Progress. As of June 30, 2013, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$32.184 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$32.184 million. The covered payroll (annual payroll of active employees covered by the plan) was \$22.794 million, and the ratio of the UAAL to the covered payroll was 141.19%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of -3.76% percent graded upward to 5.96% over four years. Both rates included a 2.8% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2013, was 25 years.

NOTE 14 – PENSION PLANS

A. Plan Descriptions

The Town contributes to the Bristol County Contributory Retirement System (the "System"), a cost sharing, multiple-employer, defined benefit pension plan administered by the Bristol County Retirement Board. Substantially all employees are members of the "System" except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The "System" and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The “System” issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Bristol County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2013, 2012, and 2011 were \$2,073,517, \$2,001,555, and \$1,803,196, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$4,620,236 for fiscal year 2013. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Towns three landfills have all been capped. The post-closure monitoring of the sites are seventeen (17) years for two sites and twenty seven (26) years for the third site. The estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$1,014,510 reported as landfill post-closure liability at June 30, 2013 is based on what it would cost to perform all post-closure care at June 30, 2013. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2013, the following GASB pronouncements were implemented:

The GASB issued **Statement #60**, *Accounting and Financial Reporting for Service Concession Arrangements*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #61**, *The Financial Reporting Entity: Omnibus*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #62**, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #63**, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #65**, *Items previously reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2014. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #66**, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented in fiscal year 2014. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #67**, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2014. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY REGIONAL RETIREMENT SYSTEM
JUNE 30, 2013**

The following schedules are presented in accordance with GASB Statement No. 27:

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) · Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2012	\$ 460,572,977	\$ 776,734,414	\$ 316,161,437	59.3%	\$133,231,288	237.3%
1/1/2010	\$ 447,114,412	\$ 690,292,202	\$ 243,177,790	64.8%	\$136,443,244	178.2%
1/1/2009	\$ 396,683,194	\$ 697,604,462	\$ 300,921,268	56.9%	\$158,880,971	189.4%
1/1/2007	\$ 390,706,411	\$ 593,767,462	\$ 203,061,051	65.8%	\$146,988,086	138.1%
1/1/2005	\$ 334,319,614	\$ 535,755,874	\$ 201,436,260	62.4%	\$134,953,427	149.3%
1/1/2003	\$ 291,903,656	\$ 440,692,634	\$ 148,788,978	66.2%	\$122,142,724	121.8%
1/1/2001	\$ 275,463,114	\$ 373,562,277	\$ 98,099,163	73.7%	\$121,345,005	80.8%
1/1/1999	\$ 226,836,196	\$ 311,255,734	\$ 84,419,538	72.9%	\$ 95,169,522	88.7%
1/1/1998	\$ 185,852,667	\$ 281,492,555	\$ 95,639,888	66.0%	\$ 90,608,158	105.6%

Schedule of Employer Contributions

Fiscal Year Ended June 30	System Wide			Town of Seekonk	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2013	\$ 28,068,782	\$ 28,068,782	100%	\$ 2,073,517	7.39%
2012	\$ 27,049,058	\$ 27,049,058	100%	\$ 2,001,555	7.40%
2011	\$ 26,077,309	\$ 26,077,309	100%	\$ 1,803,196	6.91%
2010	\$ 29,154,746	\$ 29,154,746	100%	\$ 1,773,321	6.08%
2009	\$ 28,673,087	\$ 28,673,087	100%	\$ 1,581,257	5.51%
2008	\$ 27,438,341	\$ 27,438,341	100%	\$ 1,519,606	5.54%
2007	\$ 24,290,432	\$ 24,290,432	100%	\$ 1,373,527	5.65%
2006	\$ 20,940,103	\$ 20,940,103	100%	\$ 1,054,023	5.03%

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2013**

Schedules of Funding Progress and Employer Contributions

The following schedules are presented in accordance with GASB Statement No. 45:

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
12/31/2009	\$ -	\$ 36,243,203	\$ 36,243,203	0.0%	\$ 21,062,375	172.1%
12/31/2011	\$ -	\$ 44,183,629	\$ 44,183,629	0.0%	\$ 22,058,551	200.3%
6/30/2013	\$ -	\$ 32,183,523	\$ 32,183,523	0.0%	\$ 22,794,104	141.2%

Schedule of Employer Contributions

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
2009	\$ 3,165,535	35.19%	\$ 2,051,464	\$ 2,051,464
2010	\$ 3,352,841	28.05%	\$ 2,412,216	\$ 4,463,680
2011	\$ 2,643,342	43.52%	\$ 1,492,894	\$ 5,956,574
2012	\$ 2,698,088	45.15%	\$ 1,479,982	\$ 7,436,556
2013	\$ 1,809,788	62.23%	\$ 683,605	\$ 8,120,161

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2013
Discount Rate	4.00%
Medical Trend	-3.76% grading upward to 5.96% in Year 2017
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	25
Mortality	RP-2000 mortality table with projected mortality

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2013**

Plan Participants:

Current retirees, beneficiaries, and dependants	329
Current active members/participants	<u>295</u>
Total	<u><u>624</u></u>